

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended September 30, 2017 (Q3 FY ending December 2017)

Company name: NIKKISO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6376
 URL: <http://www.nikkiso.co.jp>
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 Scheduled date for filing of securities report: November 14, 2017
 Scheduled date of commencement of dividend payment: -
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: None

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2017 (January 1, 2017 – September 30, 2017)

(1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sep. 30, 2017	98,318	7.1	1,167	(65.7)	826	(3.9)	1,128	340.8
Sep. 30, 2016	91,794	-	3,398	-	860	-	255	-

(Note) Comprehensive income (loss): 5,425 million yen (-%) for the nine months ended September 30, 2017

(4,888) million yen (-%) for the nine months ended September 30, 2016

	Net income per share (basic)	Net income per share (diluted)
Nine months ended	Yen	Yen
Sep. 30, 2017	15.86	14.01
Sep. 30, 2016	3.42	3.04

(Note) The Company changed its fiscal year end from March 31 to December 31 from the fiscal period ended December 31, 2015. The Company does not have its audited financial statements for the previous third quarter. Therefore, the percentage changes compared to the same period of the previous year are not shown.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended			
Sep. 30, 2017	235,197	69,772	29.1
Year ended			
Dec. 31, 2016	175,457	65,533	36.6

(Reference) Shareholders' equity: As of September 30, 2017: 68,368 million yen

As of December 31, 2016: 64,205 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2016	-	8.00	-	8.00	16.00
Year ending Dec. 31, 2017	-	8.00	-		
Year ending Dec. 31, 2017 (forecast)				8.00	16.00

(Note) Revisions to dividend forecasts made during the quarter under review: None

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2017 (January 1, 2017 - December 31, 2017)

(Percentage figures for the fiscal year represent the changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Dec. 31, 2017	140,000	5.3	4,000	(18.3)	3,700	(11.9)	2,500	(8.4)	35.12

(Note) 1. Revisions to consolidated financial forecasts made during the quarter under review: Yes

4. Notes

(1) Changes of important subsidiaries during the period: None

(changes of specific subsidiaries in accordance with changes in the scope of consolidation)

Newly included: None

Excluded: None

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of September 30, 2017: 74,286,464 shares

As of December 31, 2016: 74,286,464 shares

(ii) Number of treasury stock at end of period

As of September 30, 2017: 3,098,071 shares

As of December 31, 2016: 3,140,763 shares

(iii) Average number of shares outstanding during the term

Nine months ended September 30, 2017: 71,145,689 shares

Nine months ended September 30, 2016: 74,832,365 shares

* Status of a quarterly review

-This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of this financial summary.

* Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecasted statements shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors.

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	26,731	36,356
Notes and accounts receivable – trade	40,792	41,505
Merchandise and finished goods	10,394	12,560
Work in process	9,875	11,296
Raw materials and supplies	8,799	12,361
Deferred tax assets	2,393	2,552
Other	2,705	5,247
Allowance for doubtful accounts	△676	△914
Total current assets	101,015	120,966
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,274	17,436
Machinery, equipment and vehicles, net	6,720	6,759
Land	6,156	6,041
Leased assets, net	162	141
Construction in progress	2,618	3,138
Other, net	1,927	2,126
Total property, plant and equipment	33,859	35,643
Intangible assets		
Goodwill	20,160	56,981
Patent right	335	341
Telephone subscription right	42	42
Leased assets	46	60
Other	6,422	6,343
Total intangible assets	27,008	63,769
Investments and other assets		
Investment securities	11,696	12,828
Long-term loans receivable	199	215
Deferred tax assets	709	922
Claims provable in bankruptcy, claims provable in rehabilitation and other	20	25
Other	1,166	1,065
Allowance for doubtful accounts	△218	△239
Total investments and other assets	13,574	14,817
Total non-current assets	74,441	114,230
Total assets	175,457	235,197

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,368	19,445
Short-term loans payable	13,795	54,651
Current portion of Convertible bond-type bonds with subscription rights to shares	—	15,025
Current portion of long-term loans payable	3,997	8,825
Lease obligations	64	59
Accounts payable - other	2,127	1,944
Accrued consumption taxes	856	468
Income taxes payable	2,126	260
Accrued expenses	3,962	4,416
Provision for bonuses	1,150	2,429
Provision for directors' bonuses	71	33
Provision for loss on order received	389	620
Provision for product warranties	174	90
Notes payable - facilities	48	72
Other	3,753	6,101
Total current liabilities	51,886	114,445
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	15,047	—
Long-term loans payable	36,648	45,028
Lease obligations	129	144
Deferred tax liabilities	2,395	2,950
Net defined benefit liability	3,450	2,630
Provision for directors' retirement benefits	16	16
Other	349	208
Total non-current liabilities	58,036	50,979
Total liabilities	109,923	165,425
Net assets		
Shareholders' equity		
Capital stock	6,544	6,544
Capital surplus	10,660	10,663
Retained earnings	46,663	46,653
Treasury shares	△2,578	△2,543
Total shareholders' equity	61,289	61,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,772	4,651
Deferred gains or losses on hedges	△3	△3
Foreign currency translation adjustment	947	3,604
Remeasurements of defined benefit plans	△1,800	△1,202
Total accumulated other comprehensive income	2,915	7,050

Subscription rights to shares	86	79
Non-controlling interests	1,242	1,324
Total net assets	65,533	69,772
Total liabilities and net assets	175,457	235,197

Consolidated statements of income and comprehensive income

Consolidated statements of income

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net sales	91,794	98,318
Cost of sales	59,940	63,973
Gross profit	31,853	34,345
Selling, general and administrative expenses	28,454	33,177
Operating income	3,398	1,167
Non-operating income		
Interest income	29	80
Dividend income	190	190
Share of profit of entities accounted for using equity method	93	123
Rent income	99	134
Subsidy income	351	143
Other	324	424
Total non-operating income	1,088	1,096
Non-operating expenses		
Interest expenses	403	522
Loss on reduction of non-current assets	210	71
Foreign exchange losses	2,907	615
Other	106	228
Total non-operating expenses	3,627	1,437
Ordinary income	860	826
Extraordinary income		
Gain on sales of non-current assets	142	1,299
Gain on revision of retirement benefit plan	—	80
Total extraordinary income	142	1,380
Extraordinary losses		
Loss on retirement of non-current assets	19	10
Loss on sales of non-current assets	0	0
Loss on valuation of golf club membership	15	4
Total extraordinary losses	35	15
Profit before income taxes	967	2,191
Income taxes	665	935
Profit	302	1,256
Profit attributable to non-controlling interests	46	127
Profit attributable to owners of parent	255	1,128

Consolidated statements of income and comprehensive income
Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Profit	302	1,256
Other comprehensive income		
Valuation difference on available-for-sale securities	△769	879
Deferred gains or losses on hedges	△4	0
Foreign currency translation adjustment	△4,526	2,680
Remeasurements of defined benefit plans, net of tax	240	598
Share of other comprehensive income of entities accounted for using equity method	△130	9
Total other comprehensive income	△5,190	4,169
Comprehensive income	△4,888	5,425
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△4,727	5,263
Comprehensive income attributable to non-controlling interests	△161	162